

Message Text

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ACTION ARA-06

INFO OCT-01 SS-14 ISO-00 SSO-00 NSCE-00 NSC-05 INR-05

INRE-00 CIAE-00 L-01 TRSE-00 EB-03 OMB-01 PRS-01 SP-02

/039 W

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O 282006Z OCT 76 ZFF-6

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC IMMEDIATE 8292

INFO TREASURY WASHDC IMMEDIATE

C O N F I D E N T I A L MEXICO 13781

LIMDIS

E. O. 11652: GDS

TAGS: EFIN MX

SUBJECT: POSSIBLE USG STATEMENT ON MEXICAN SITUATION.

1. SUMMARY: SEVERAL VISITORS, INCLUDING RODMAN ROCKEFELLER, HAVE SUGGESTED THAT STATEMENT OF CONFIDENCE IN MEXICO BY PRESIDENT FORD OR SECRETARY SIMON MIGHT IMPROVE PRESENT CHAOTIC SITUATION IN MEXICO. SEVERAL MEXICAN BANKERS HAD DIVERGENT VIEWS. ONE GOT FERNANDEZ-URTADO INTO THE ACT WHO EXPRESSED INTEREST IN SUCH A STATEMENT. END SUMMARY.

2. IN OCTOBER 27 CALL ON ME, RODMAN ROCKEFELLER SUGGESTED THAT A U.S. PRESIDENTIAL STATEMENT INDICATING CONFIDENCE IN MEXICO MIGHT IMPROVE THE CHAOTIC CLIMATE IN MEXICO RESULTING FROM THE TWO DEVALUATIONS. HE THOUGHT A STATEMENT BY PRESIDENT FORD, PARTICULARLY IN TEXAS, MIGHT BE USEFUL TO BOTH MEXICO AND TO THE FORD CAMPAIGN. (OTHER ASPECTS OF THIS CONVERSATION ARE BEING REPORTED SEPARATELY). ANOTHER VISITOR EXPRESSED A SIMILAR VIEW.

3. AT A DINNER LAST NIGHT, I ASKED AUGUSTIN LEGORETTA, HEAD OF BANCO NACIONAL DE MEXICO, IF HE THOUGHT SUCH A STATEMENT WOULD BE USEFUL. HE REPLIED THAT IT WAS
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BETTER TO SAY NOTHING AT THIS TIME.

4. ALVARO CONDE, THE RIGHT-HAND MAN TO MANUEL ESPINOSA IGLESIAS AT THE BANCO DE COMERCIO, TOLD ME THAT THE USG STATEMENT WOULD NOT HELP AT THIS TIME, AND THAT THE GOM SHOULD "PUT ON ITS PANTS" AND TAKE THE SITUATION IN HAND. HE SUBSEQUENTLY CHECKED WITH ESPINOSA IGLESIAS WHO THOUGHT A STATEMENT BY PRESIDENT FORD WOULD BE VERY USEFUL, BUT THAT IT SHOULD BE MADE ONLY IF PRESENT AND FUTURE GOM OFFICIALS INITIATED A REQUEST.

5. ESPINOSA IGLESIAS APPARENTLY THEN CALLED FERNANDEZ-HURTADO WHO IN TURN CALLED ME. THE LATTER WAS EXTREMELY INTERESTED IN THE POSSIBILITY OF A USG STATEMENT, BUT SAID THAT, TIMING IS IMPORTANT AND IN HIS VIEW, A STATEMENT AFTER THE CURRENT HIGH LEVEL OF CONFUSION DIED DOWN A BIT, HOPEFULLY IN SEVERAL DAYS WOULD BE MORE EFFECTIVE. HE ALSO SAID HE WAS IN DAILY TOUCH WITH TREASURY UNDER-SECRETARY YEO AND FEDERAL RESERVE CHAIRMAN BURNS IN AN ATTEMPT TO LOOSEN THE RESTRICTIONS ON THE USE OF THE TREASURY AND FED SWAPS. HE COMMENTED THAT A DECLARATION BY USG WITHOUT A LOOSENING OF THESE RESTRICTIONS WOULD BE A HOLLOW SIGN OF SUPPORT. HE ALSO EXPRESSED CONCERN THAT THESE FUNDS WERE NOT AVAILABLE TO HIM WHEN HE NEEDED THEM MOST.

6. FERNANDEZ-HURTADO ALSO TOLD ME THE BANK OF MEXICO LOST FOREIGN EXCHANGE YESTERDAY, AND THAT THE PUBLIC WAS ACTING IRRATIONALLY. HE DID NOT YET HAVE A FEEL FOR WHAT WAS HAPPENING IN THE MARKET TODAY.

7. FERNANDEZ-HURTADO EXPRESSED WARM APPRECIATION FOR OUR INTEREST IN THE PRESENT PROBLEM AND SAID HE WOULD DISCUSS THE ISSUE WITH OTHER GOM OFFICIALS. I NOTED THAT I DID NOT WANT TO INTERFERE IN MEXICO'S AFFAIRS BUT MERELY WISHED TO EXPLORE POSSIBILITIES OF BEING HELPFUL AND SAID THAT I WAS NOT EVEN SURE WHAT REACTION WASHINGTON WOULD HAVE TO A REQUEST FOR A STATEMENT.

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCIAL STABILITY
Control Number: n/a
Copy: SINGLE
Draft Date: 28 OCT 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MEXICO13781
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760403-0200
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976109/aaaaahmk.tel
Line Count: 98
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 20 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 JUL 2004 by BoyleJA>; APPROVED <03 NOV 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POSSIBLE USG STATEMENT ON MEXICN STITUATION.
TAGS: EFIN, MX, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006